## Remarks

The present response is to the Office Action mailed in the above-referenced case on May 19, 2008. Claims 1-7 and 14-23 are presented for examination.

### Response to Arguments

Applicant's arguments filed 02/08/2008 have been fully considered but they are not persuasive.

The appellants have argued that Landry does not teach sending a modulated signal from the smart card to the IVR server. However, this is indeed taught by Landry. Landry teaches in col. 5 lines 9-12 that *all* interactions are accomplished via an IVR server when the telephone is not an ADS1 unit. Further, col. 6 linesl-27 teaches the smart card reader sending a modulated, as shown in the rejection below. Further, more details are shown of modulation in col. 7 lines 7-49. Multiple types of modulation is shown in this section. The first, second, and third option are all examples of modulation. Even further, the appellant points to 3 part d of the invention (col. 10 line 23) of Landry to show that communications are sent directly from the card reader to the authentications server. However, 3 d) is not applicable as this occurs only when it is in communication with an ADS1 telephone. Although the Examiner uses this passage to point to the card reader reading the information out of a credit card, this process is the same with or without the ADS1 part. Again, as shown in col. 6, the IVR server is used when an ADS1 telephone is NOT used.

Like the applicant argues, information is sent from the card reader through a modem. Applicant agree that the IVR server of Landry may demodulate signals communicated by Landry's modem, but not modulated signals sent directly from a smart card over a telephone line to a server, as claimed. Applicant is reminded that a modem stands for Modulator/DeModulator. Information sent through a modem is modulated, and then demodulated. Sending modulating signals and demodulating signals is very well

known in the art, and it is indeed inherent, especially in such a system like this. Modulation/Demodulation is an inherent property of modems, as a modem is defined as a unit which modulates and demodulates signals. If information is not demodulated, a computer will receive some type of data, but it cannot be read.

**Applicant's response**

The Examiner states, "Landry teaches in col. 5 lines 9-12 that *all* interactions are accomplished via an IVR server when the telephone is not an ADS1 unit. Further, col. 6 linesl-27 teaches the smart card reader sending a modulated, as shown in the rejection below. Further, more details are shown of modulation in col. 7 lines 7-49.

Applicant points out that claims 1 and 14 specifically recite that a smart card, not a card reader, transmits at least an identification sequence for the user to an IVR server connected to a telephone line in the form of a modulated signal. The Examiner admits that Landry teaches a card reader transmitting the modulated signal. The Examiner is assuming that the card reader of applicant's invention functions in the same manner as the card reader in Landry, which is not so.

Applicant herein clarifies by amendment the independent claims to recite that the card reader of applicant's invention, is in fact a mere connector, connecting the smartcard to the telephone line enabling direct communication between the smartcard and the IVR server. The smart card in applicant's invention sends the modulated signal directly. In applicant's invention, there is no need for a device like a card reader to assist communication, such as generating a modulated signal from data read from the smart card, as in Landry's card reader, because Applicant's smartcard is capable of directly communicating a modulated signal to the IVR server. Applicant is aware of the functions performed by a modem and thanks the Examiner for the technical explanation.

## Rejection under 35 U.S.C. 103(a)

Claims 1, 14, and 23 are rejected under 35 U.S.C. 103(a) as being unpatentable over Landry et al US Patent No. 6,687,350 (hereinafter Landry), in view of Kia et al. US Patent No. 6,404,870 (hereinafter Kia).

**Examiner's rejection**

As per claim 1, Landry teaches a method for a second operation of authenticating a user and securing an online transaction over a telephone, comprising:

providing a card reader connecting a smart card to a telephone (col. 2 lines 25-30);

transmitting from the smart card at least an identification sequence for the user to an IRV server connected to a telephone line in the form of a modulated signal (col. 10 lines 25-30; col. 5 lines 1-22; col. 6 lines 5-29; Figures 2,3;);

**Applicant's response**

Applicant herein amends the independent claims of the present invention to clarify that the card reader merely functions as a connector. Applicant's smart card connector does not provide signal modulation enabling communication between the smartcard and the IVR as in Landry.

Landry clearly fails to teach transmitting a modulated signal from the smart card, as claimed. Landry provides a card reader device 10, as shown in Figs. 2 and 3, which communicates with an authentication server to add funds to the card, among other transactions. Card Reader 10 includes; "a smart card reader/writer unit 22, micro-controller 24, modem circuit 26, a mode selection circuit 28 and an analogue front-end 30 that respectively support the required functionality of the smart card reader 10. An LCD display 32 provides a display surface for displaying status messages. Function keys 34 permit users to select pre-programmed functions. A power supply unit 36 connect to a power pack 38 provides operating current to the smart card reader 10. The connection of the smart card reader 10 with the handset 18 and base set 20 is through the analogue front-end 30." (col. 5, lines 23-33)

Applicant argues that the card reader 10 of Landry reads from the smart card and the card reader modulates the signal before sending it to the authentication server via modem.

"The V.8 bis protocol supports signalling and messaging. Signalling is used to indicate when a V.8 bis transaction begins. The signals are composed of two parts: segment 1 and segment 2. Segment 1 is a precise dual-frequency tone that is sent to initiate a V.8 transaction and segment 2 is a single frequency that represents one of three commands: ES (escape signal), MR (mode request), CR (capabilities request). Messages are transmitted using V.21 300 bps modulation. Because the application server 12 is aware that the smart card reader 10 is V.8 bis compatible, the application server 12 does not need to send any request messages." (col. 6, lines 7-17)

Applicant specifically claims "transmitting *from the smart card* at least an identification sequence for the user to an IVR server connected to a telephone line *in the form of a modulated signal*". (page 3, lines 1-6) (italics added).

The Examiner also states Landry teaches demodulating the identification sequence at the IVR server (It is inherent that the signal is demodulated, as a modulated signal must be demodulated in order for the data to be useful and processed; also occurs at the IVR server (col. 5 lines 1-10) ).

Applicant argues that it is not inherent for the IVR in Landry to demodulate signals to send to the authentication server, as alleged by the Examiner. As pointed out above, the portions of Landry relied upon by the Examiner col. 5, lines 1-10 teaches only user entered info via the telephone is received by the IVR, the communications from the card reader and the authentication server are direct via modem (col. 10; 3. (d)).

The Examiner states; "However, at the time of the invention, Landry does not explicitly teach authenticating the user and the transaction at an application server receiving the demodulated identification sequence from the IVR server over a communication network wherein data processing required for generating, transmitting, and authenticating the user occur without data processing assistance from the card reader This is taught in Kia though, such as in col. 4 lines 2936. Also, As taught in Landry,

authentication and data processing are controlled by an application server, and the smart card reader is all being controlled by the server, which just relays information and acts as a gateway, as can be seen in col. 3 lines 30-50. As can be seen in Kia, the IVR in the gateway receives information and forwards it to the authentication server to process."

Applicant argues that Kia merely teaches a telephony system authenticating a user when making phone calls. The IVR of Kia receives input (PIN) from a user and forwards the info to the authentication server. Applicant claims modulating communication from the smart card to the IVR, wherein the IVR demodulates the signal and forwards it to the server. In this manner circuitry is not required in applicant's connector, as it is in Landry's card reader.

The Examiner states claim 14 is rejected using the same basis of arguments used to reject claim 1 above. The rejection of claim 1 is clearly faulty, however. Therefore, the applicant believes method claim 1 and system claim 14 are both patentable over the art of Landry and Kia either singly, or in combination. Dependent claims 2-7 and 14-23 are patentable on their own merits, or at least as depended from a patentable claim.

## Summary

As all of the claims are clearly patentable over the art applicant respectfully requests re-consideration, and that the case be passed quickly to issue. If there are any extensions of time required, such extensions are hereby requested. If there are any fees due, authorization is given to deduct the fees from deposit account 50-0534.

Respectfully Submitted,
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